



Entergy Arkansas, Inc.  
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REC'D TN  
REGULATORY AUTH.

Steven K. Strickland  
Director  
Regulatory Affairs

01 DEC 21 PM 3 22

OFFICE OF THE  
EXECUTIVE SECRETARY

December 20, 2001

Mr. K. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re: Tennessee Regulatory Authority Docket No. 01-01023  
Entergy Arkansas, Inc. (EAI) Request for Approval of a  
Plan of Refund

Dear Mr. Waddell:

In response to the Stipulation and Settlement Agreement approved by Arkansas Public Service Commission's (APSC) Order No. 4 in APSC Docket No. 01-209-U, today EAI filed Supplemental Direct Testimony of EAI witness Andrew P. Frits which reflects the exact refund amount EAI will refund to its Arkansas and Tennessee retail customers for Grand Gulf capacity charges subject to APSC review and approval. This filing fulfilled the APSC reporting requirement that EAI file this information within 10 days after the December 10, 2001, SERI refund to EAI. Attached are the original and thirteen copies of this filing for the TRA Docket referenced above.

As soon as an order is issued by the APSC following its review of this compliance filing, a copy will be forwarded to you.

If you have any questions or need additional information, please do not hesitate to call me at (501) 377-4457 or Mr. Will Morgan at (501) 377-5489.

Sincerely,

SKS/tj  
Attachments

DEC 20 11 13 AM '01

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

DEPT. OF THE ARMY  
WASHINGTON, D. C. 20315

IN THE MATTER OF THE  
APPLICATION OF ENTERGY  
ARKANSAS, INC. FOR APPROVAL  
OF A PLAN OF REFUND

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DOCKET NO. 01-209-U

SUPPLEMENTAL DIRECT TESTIMONY

OF

ANDREW P. FRITS

## DIRECTOR, REVENUE REQUIREMENTS AND ANALYSIS

ENTERGY SERVICES, INC.

ON BEHALF OF

ENTERGY ARKANSAS, INC.

DECEMBER 20, 2001

1    **I.     INTRODUCTION**

2    Q.    PLEASE STATE YOUR NAME.

3    A.    My name is Andrew P. Frits.

4    Q.    ARE YOU THE SAME ANDREW P. FRITS WHO FILED DIRECT  
5           TESTIMONY IN THIS DOCKET ON BEHALF OF ENTERGY ARKANSAS,  
6           INC. ("EAI" OR THE "COMPANY")?

7    A.    Yes.

8    Q.    WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT  
9           TESTIMONY?

10   A.    In my Direct Testimony, I provided an estimated amount of the anticipated  
11           refund from System Energy Resources, Inc. ("SERI"), in Federal Energy  
12           Regulatory Commission Docket No. ER95-1042-000. Pursuant to the  
13           Stipulation and Settlement Agreement in the current Docket, EAI agreed  
14           to "file for review and approval in this docket the exact refund amount EAI  
15           will refund to its retail customers within ten (10) days after the SERI refund  
16           is made to EAI." The purpose of this Supplemental Direct Testimony is to  
17           provide the actual amount of the SERI refund to EAI's Arkansas retail  
18           customers. SERI made its refund to EAI on December 10, 2001.

1    II.    EAI RETAIL CUSTOMERS' SERI REFUND

2    Q.    WHAT PORTION OF THE SERI REFUND TO EAI IS APPLICABLE TO  
3        EAI'S ARKANSAS RETAIL CUSTOMERS?

4    A.    The portion of the total SERI refund that is applicable to EAI's Arkansas  
5        retail customers is \$54,341,723. EAI Exhibit APF-4 reflects the calculation  
6        of the refund amount for the period of December 1995 through December  
7        1997, the refund amount for the period January 1998 through November  
8        2001, and the interest on the refund from the date SERI made the refund  
9        to EAI through February 28, 2002, which is the end of the month closest to  
10       the expected date of the refund. The actual interest EAI will pay will be  
11       from the SERI refund date, December 10, 2001, through the date checks  
12       are mailed to customers. EAI Exhibit APF-4 also provides the refund  
13       amount by rate class for the periods above.

14   Q.    WHAT INTEREST RATE WILL EAI PAY FROM THE TIME IT RECEIVED  
15        THE SERI REFUND UNTIL IT MAILES REFUND CHECKS TO  
16        CUSTOMERS?

17   A.    The interest rate used for the period from December 10, 2001, to February  
18        28, 2002, is 7.04 percent as stated in the Stipulation and Settlement  
19        Agreement.

20   Q.    DOES THIS CONCLUDE YOUR SUPPLEMENT TESTIMONY?

21   A.    Yes.

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE  
APPLICATION OF ENTERGY  
ARKANSAS, INC. FOR APPROVAL  
OF A PLAN OF REFUND

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DOCKET NO. 01-209-U

EAI EXHIBIT APF-4

ENTERGY ARKANSAS, INC.

2001 SERI REFUND AMOUNT

**ENTERGY ARKANSAS, INC.**  
**2001 SERI REFUND TO EAI RETAIL**  
**REFUND PERIOD OF DECEMBER 1995 THROUGH FEBRUARY 2002**

84-249-U December 1995 to December 1997						
Line No	Date	EAI Portion M33 vs FERC Order COS (1)	Arkansas Retail Allocator (2)	Arkansas Retail Portion	Current Recovery Share (3)	EAI Retail Refund
1	Refund Amount	\$ 47,989,402	88.59%	\$ 42,513,811	78.00%	\$ 33,160,773
2	Carrying Charges through December 9, 2001 (4)					17,292,137
3	Refund Amount from SERI					50,452,910
4	Carrying Charges December 10, 2001 - February 28, 2002 (5)					788,730
5	Total Refund for December 1995 - December 1997					\$ 51,241,640
96-360-U January 1998 - November 2001						
	Date	EAI Portion M33 vs FERC Order COS (1)	Arkansas Retail Allocator (2)	Arkansas Retail Portion	Current Recovery Share (3)	EAI Retail Refund
6	Refund Amount	\$ 2,498,062	86.13%	\$ 2,151,581	78.00%	\$ 1,678,233
7	Grand Gulf Accelerated Recovery (6)					(43,073)
8	Carrying Charges through December 9, 2001 (4)					1,417,205
9	Refund Amount from SERI					3,052,365
10	Carrying Charges December 10, 2001 - February 28, 2002 (5)					47,718
11	Total Refund for January 1998 - November 2001					\$ 3,100,083
12	Total EAI Retail Refund					\$ 54,341,723

Notes:

(1) The refunds are for the period December 1995 through November 2001 ("Refund Period"). The months of December 12, 1995 through September, 1997 reflect the difference between the level of Grand Gulf capacity charges based on the May 12, 1995 proposed rate change as billed through Rider M33 and the July 31, 2000 FERC Order. The months of October, 1997 through November, 2001 reflect the difference between the level of Grand Gulf capacity charges based on the Presiding Judge's Initial Decision as billed through Rider M33 and the July 31, 2000 FERC Order.

(2) The months of December 1995 through December 1997 reflect the allocation factor from APSC Docket No. 84-249-U as used in Rider M33. The allocation factor used in Rider M33 was changed in APSC Docket No. 96-360-U effective January 1, 1998.

(3) Current Recovery Share as set out in Order No. 8 in APSC Docket No. 88-115-TF for year 1994 and all succeeding years is the amount approved for EAI to recover from the Arkansas retail customers (28.08% / 36% = 78%).

(4) The carrying charges for the Refund Period through December 9, 2001 were calculated pursuant to FERC 18 C.F.R. § 35.19a (1998).

(5) The carrying charge rate for the period after EAI received the SERI refund until the time the refund is made to retail customers is 7.04% as stated in the Stipulation and Settlement Agreement.

(6) This amount is the difference between the Grand Gulf Accelerated Recovery ("GGART") as billed and the revised GGART due to the change in the cost of capital as stated in the July 31, 2000 FERC order.

**ENTERGY ARKANSAS, INC.**  
**2001 SERI REFUND TO EAI RETAIL BY RATE CLASS**  
**REFUND PERIOD DECEMBER 1995 THROUGH FEBRUARY, 2002**

	<b>Rate Class</b>	<b>Revenues From 84-249-U (1) (000's)</b>	<b>Refund</b>
1	Residential	\$ 320,279	\$ 22,044,764
2	Small General Service	156,516	10,772,977
3	Large General Service	255,155	17,562,287
4	Lighting	12,518	861,612
5	Total Retail	<u>\$ 744,468</u>	<u>\$ 51,241,640 (3)</u>

	<b>Rate Class</b>	<b>Revenues From 96-360-U (2) (000's)</b>	<b>Refund</b>
6	Residential	\$ 341,466	\$ 1,444,650
7	Small General Service	155,411	657,501
8	Large General Service	220,440	932,622
9	Lighting	15,437	65,310
10	Total Retail	<u>\$ 732,754</u>	<u>\$ 3,100,083 (3)</u>

	<b>Rate Class</b>	<b>Total Refund</b>
11	Residential	\$ 23,489,414
12	Small General Service	11,430,478
13	Large General Service	18,494,909
14	Lighting	926,922
15	Total Retail	<u>\$ 54,341,723</u>

**Notes:**

(1) Base rate revenue requirement from APSC Docket No. 84-249-U used to allocate the Grand Gulf demand revenue requirement to Arkansas rate classes under Grand Gulf Rider M33.

(2) Base rate revenue requirement from APSC Docket No. 96-360-U used to allocate the Grand Gulf demand revenue requirement to Arkansas rate classes under Grand Gulf Rider M33.

(3) Amounts from EAI Exhibit APF-4 Page 1 Lines 5 and 11.

CERTIFICATE OF SERVICE

I, Steven K. Strickland, do hereby certify that a copy of the foregoing has been served upon all parties of record this 20th of December 2001.

A handwritten signature in black ink, appearing to read 'S. K. Strickland', written over a horizontal line.

Steven K. Strickland